



**January 27, 2005
Ex Parte Handout**

In the Matter of AT&T Corp. Petition for Declaratory Ruling Regarding Its Prepaid Calling Card Services, WC Docket No. 03-133

- **The Commission should deny AT&T's petition. AT&T's prepaid calling card service is not an information service nor are the in-state calls made using the card interstate. The Commission should therefore determine that intrastate access charges and universal service fund (USF) contributions are applicable.**
- **The Commission should require immediate payment of the \$500 million in past due intrastate access charges and USF contributions and send a clear message to all providers that the FCC will not tolerate carriers ignoring the rules to reap unlawful gains from consumers and competing carriers.**
- **AT&T's improper withholding of \$160 million in past due USF contributions has contributed to the increase in the universal service contribution factor to 10.7 percent.**
- **Pursuant to section 254(d) of the Act, and 47 C.F.R. §§ 54.706, 54.711, and 54.713 of the FCC's rules, the Commission should immediately require AT&T to pay the Universal Service Administrative Company (USAC) \$160 million in back USF contributions. For example see *In the Matter of New Edge Network, Inc.*, FCC Enforcement Bureau Consent Decree, DA-04-2852 (rel. Sept. 13, 2004).**
- **AT&T's improper withholding of \$340 million in intrastate access charges threatens rural incumbent local exchange carrier (rural ILEC) networks which rely heavily on access charges to recover the costs of serving high-cost rural areas throughout the United States.**
- **AT&T's improper withholding of \$340 million in intrastate access charges also jeopardizes rural ILEC investment in broadband-capable infrastructure and hence threatens the President's goal that all Americans have affordable access to broadband technology by 2007.**
- **AT&T's practice of mischaracterizing its prepaid calling card service to avoid paying its legal obligations unfairly disadvantages competing prepaid calling card providers that comply with the rules and pay intrastate access charges and contribute to universal service.**
- **There is nothing forcing AT&T to raise its calling card rate to the military if the Commission required AT&T to pay its intrastate access and universal service obligations both retroactively and prospectively. Other companies have distributed free prepaid calling cards to U.S. military personnel without avoiding their obligation to pay intrastate access charges and universal service contributions.**
- **AT&T blocks access to other carriers over their Iraqi network, making it very difficult for U.S. troops stationed in Iraq to use phone cards from competing carriers.**